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Opinion **Business travel**

Taiwan and New Zealand show business travel's future

The real boom will be in face-to-face training and sales — as you can't close deals on Zoom

MICHAEL SKAPINKER ✓ Added

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About 650 people attended last week's New Zealand CIO Awards in Auckland

Michael Skapinker 17 HOURS AGO

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They handed out the New Zealand CIO Awards in Auckland's Civic Theatre last week. For those of us locked down in the northern hemisphere, the photos come from a glittering world. There are 650 people crowded into the pre-event drinks, leaning in to make themselves heard. A few are posing arm in arm. Astonishingly, someone is reaching for a canapé from a proffered tray. There are no masks.

This may be a view of our past, but perhaps also our future, when we, like New Zealand, have controlled the virus. The country has suffered 25 Covid-19 deaths. Life has a normality denied to much of the world. What can it teach us about business travel post-Coronavirus? Was Bill Gates right when he said business travel would be down 50 per cent on its pre-pandemic level?

I became interested in travel patterns in largely coronavirus-free countries when I spoke to Steven Pan, chairman of the Regent Hotels Group. He is based in Taiwan, which has suffered just seven deaths. Pan told me that local business travel was returning — in interesting ways.

> **Travel will be subdued for some years, but business is a social activity, and memories of this pandemic will fade**

Conference attendance in Taiwan was well down. People had discovered they could attend remotely. Intra-company office visits were also less common than pre-virus, but Pan told me he thought corporate leaders with subsidiaries in countries across Asia, with their differences in language and culture, would need to resume travelling to their offices to make sure company messages were heard. In the US and Europe, where multinationals largely operated in English, intra-company visits would not make a big comeback. The real business travel boom was in sales; you can't close deals on Zoom.

New Zealanders are seeing similar patterns. Domestic travel has risen. International passenger numbers at Auckland airport were down 97 per cent in September and October compared with the same months last year. But domestic numbers, down by 53 per cent in September, were down only 35 per cent in October.

Latest coronavirus news

Follow FT's live coverage and analysis of the global pandemic and the rapidly evolving economic crisis here.

What business travel are New Zealanders doing? Darrin Grafton, chief executive of Serko, a travel technology company, says he has seen a pick-up in off-site meetings, as companies reintroduce team members to each other. This is necessary because not everyone has gone back to the office. Nick Queale, general manager for corporate travel at Flight Centre Travel Group, says many have settled into a pattern of three days a week at home and two in the office.

In spite of events such as the CIO awards, Queale said conference-going seemed an unnecessary expense to many companies. Travel for intra-company visits is still subdued. But face-to-face training was returning, as was travelling to conclude deals. Companies were taking a hard look at what travel was necessary and examining the return on investment. How vital they thought travel was varied by sector. Demand for travel in mining and manufacturing was particularly strong.

What would happen when New Zealand was able to open its borders? Would international travel take off? "Absolutely," Queale said, but with a caution. Employers have always had a duty of care towards travelling staff. Until Covid-19 is defeated worldwide, health risk assessments will be even more important.

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To what extent can we extrapolate Taiwan and New Zealand's experience to other countries as they emerge from the pandemic? Company finances will be strained. Travel is always a target for corporate cost-cutting and managers are likely to be cautious about trip approvals.

Companies also feel pressure to limit flying for environmental reasons. Travel will be subdued for some years, but business is a social activity, and memories of this pandemic will fade. "We're wired to forget," Grafton told me. Business travel will be down, he said, but not by 50 per cent.

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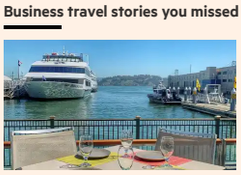

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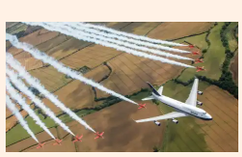

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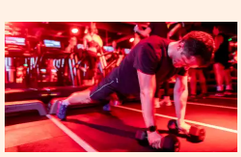

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bwtg1 6 HOURS AGO

I'm not sure that all these comments about New Zealand's special characteristics have much to do with the subject of this article, which is business travel. My impression is that in normal times New Zealanders are very comfortable travelling internationally and I'm sure that will return.

One perspective on how well different countries have handled Covid is at https://www.bloomberg.com/graphics/covid-resilience-ranking/. That suggests that the most important characteristics of territories that have handled Covid well are border closures, investment in public health, and social cohesion. But I don't see that this is very relevant to the topic of the article.

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Musings 7 HOURS AGO

> The real business travel boom was in sales; you can't close deals on Zoom.

I'm not someone heralding the end of offices and cities, but the statement above was clearly planted by a salesperson who misses the wining/dining/entertaining aspect of sales. Deals have literally been closed on Zoom for the last 8 months across the globe

Recommend 2 Reply Share Report

forwhatitsworth 9 HOURS AGO (Edited)

"....you can't close deals on Zoom."
Of course you can. Family member has done so electronically, whether on Zoom or not seems academic. A search shows how easy this is.

Recommend 2 Reply Share Report

Paulshk 8 HOURS AGO

In reply to **forwhatitsworth**

Advertising...

Recommend Reply Share Report

Ali Tahseen 9 HOURS AGO

China would have been a much more interesting case study due to its scale, and having also controlled the pandemic equally well, as opposed to those two much smaller countries

Recommend 3 Reply Share Report

Hammerhead 9 HOURS AGO

In reply to **Ali Tahseen**

My thoughts exactly

Recommend Reply Share Report

Keep it up 11 HOURS AGO (Edited)

I chuckle. As a New Zealander living in London for 2 decades I have regularly been on the end of disparaging jokes about NZ. Brits need to expand their horizons: New Zealand is one of the best governed, most progressive and dynamic States in the world. It was the first country to give the vote to women, made the Central Bank independent of the Executive more than a decade before the UK and has a network of free trade agreements that Boris can only dream about. And then there is Covid.

Recommend 16 Reply Share Report

Capedeh 10 HOURS AGO

In reply to **Keep it up**

It also has the smuggest leader on the world stage.

Recommend 3 Reply Share Report

Man_overboard 9 HOURS AGO
In reply to **Capedeh**
She's entitled to be smug, but the fact she isn't is why she is so widely admired.

Recommend 13 Reply Share Report

Musings 7 HOURS AGO
In reply to **Capedeh**
Have you not seen Trump or Netanyahu on stage?

Recommend 5 Reply Share Report

Leighton Beck 7 HOURS AGO
In reply to **Keep it up**
I note you are still here after two decades though mate.
Nice place NZ but London hums with another energy entirely.

Recommend 5 Reply Share Report

Chemistry 5 HOURS AGO
In reply to **Keep it up**
Regarding the China virus. A huge factor is the number of virus spreaders deliberately sent to the rest of the world. Most of them were targeting US and Europe. When the number of virus spreaders from China are huge track and trace does not work. Chinese virus spreaders are not allowed to travel to Taiwan and that's why Taiwan is doing so well in combating the China virus.

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Cranky 11 HOURS AGO
Zoom paradox (in B2B sales)
Why does it takes forever to get larger meetings scheduled when people should be more available since no one is travelling on either side!

Recommend Reply Share Report

Ludwig 11 HOURS AGO
"You can't close deals on Zoom"- why? What singles out deal closing from all other business interactions?

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Ali Tahseen 9 HOURS AGO
In reply to **Ludwig**
Not when you are doing product development jointly and have to show samples for them to smell and taste and take you to dinner for relationship building and have a casual discussion that helps you understand each other better and collaborate better on future projects

Recommend Reply Share Report

Paulshk 8 HOURS AGO
In reply to **Ludwig**
Duhhh...

Recommend Reply Share Report

Cosmocrat 7 HOURS AGO
In reply to **Ludwig**
It's the time taken to close out deals that causes the problems. In pre-COVID times, you could send one or two people on a short trip to iron out any issues/hand hold to get a deal over the line. In a Zoom world, the transactions I am working on are taking at least 30% longer (sometimes double or more the length of time) to complete because you can't corral people into a room, catch a quick 5 or 10 minutes to resolve small issues with a minor stakeholder, or have dinner with a client to talk through larger concerns. Those informal human interactions are often key to sealing the formal terms of a deal - corporate decision-making still has emotion/bias at its heart (and always will whilst humans take decisions).

People want to reduce unnecessary air travel because of environmental concerns, a noble aim, but anyone who works in any sort of transactional role will tell you that air travel is often essential to their role. The key is to make air travel more environmentally friendly (carbon neutral if possible), not to kill it off completely as that will entail huge social damage given the number of people working in the travel industry.

Recommend 2 Reply Share Report

George Horsington 12 HOURS AGO
One of my friends is on a business trip to Taiwan at the moment. A test before he flew, 17 people on a KLM wide bodied flight there, another test on arrival, then 14 days in quarantine in a government hotel room he wasn't allowed to leave. Ruthless viral suppression which puts Europe's feeble efforts at quarantine and testing to shame.

Now, sorting out meetings is taking much longer than usual for him - many people are working from home a few days a week, so gathering clients to attend a pitch involves extended negotiations on who is in the office and when.

In a WFH environment B2B sales got a lot harder, even if you have a fortnight free to travel to your customers and quarantine.

Recommend 4 Reply Share Report

Capedeh 10 HOURS AGO
In reply to **George Horsington**
That's a very good point about getting people to turn up to meetings like that. I'm sure a lot of them would say no thanks I'll just dial in from home.

Recommend 1 Reply Share Report

EdgeleyP 7 HOURS AGO (Edited)
In reply to **Capedeh**

There's almost nothing worse than a meeting in which some people are physically present and some dialling in. You end up talking to the camera.

It's best to be all remote or none remote.

Recommend 1 Reply Share Report

La Bergerie 14 HOURS AGO

Just yesterday I was thinking about the wastefulness of much business travel in the past. I can't imagine it will ever approach previous levels. The attitude used to be "just go", but I think now companies will really question whether it's necessary or just frivolous.

Recommend 6 Reply Share Report

investor123 12 HOURS AGO (Edited)
In reply to **La Bergerie**

May I proffer that propensity for business travel is a reflection at least in part of the principal-agent problem inherent in all large corporations. These have always existed, and will continue to exist once pandemic curbs are eased. Sure, companies will cut back while their balance sheets are strained. But in the medium term? I think that by 2025 articles like this will be singing a different tune. Of course the story then will be "it was always obvious that travel would return, it's an inherent human desire" etc. etc.

In the meantime I would be less hasty than the author of this article to make comparisons on economic performance with countries like Australia and New Zealand. In just six months' time it will be summer again in the Northern Hemisphere, the virus will have abated due to the combination of vaccines and the weather. Restrictions will be gone completely. Northern Hemisphere economies will be flying (literally and figuratively) especially in hard-hit areas like leisure travel. The Southern Hemisphere will then be in winter and because their zero-Covid strategy must, by definition, be followed to the absolute limit, they will still have fully closed borders and scares involving renewed restrictions any time there is a breach (which there inevitably will be). It's not as clear cut as it looks from a cursory glance, and let's be clear: NZ's economy will still see a >10% drop in 2020 too. Australia's economic performance will be, just has it has been for two decades now, determined largely by China. One tantalizing picture of a corporate event with no masks doesn't make up for that I'm sad to say.

Recommend 5 Reply Share Report

Capedeh 10 HOURS AGO
In reply to **investor123**

If they vaccinate their people over the next 6 months, and there aren't that many of them, then I don't see how the virus would come back

Recommend 3 Reply Share Report

investor123 10 HOURS AGO (Edited)
In reply to **Capedeh**

The issue I think is that when you're pursuing a zero-Covid it's fairly difficult to back out of that and shift to a 'some Covid is okay' policy. So those countries will need to go much deeper into vaccinating the whole population before they are able to re-open their borders. I believe NZ has already said Jan-22 at the earliest.

Basically, once you are erring so severely on the side of caution policy tends to stay that way. The situation is very different in Europe: here once the most at-risk 8% of the population is protected (they account for 85% of deaths in the UK) the immense pressure to open up will force the lifting of restrictions as people have already grown entirely comfortable with the slightly elevated risk (you only need to walk down any High Street to see that).

Moreover this is assuming they get access to the vaccine as quickly and in sufficient numbers as Europe and America does, which I suspect is not a given. And to be frank why should they? Their distinctive policies, which they have been happy to take all the plaudits for, have meant that there is no health emergency there with hospitals at risk of getting overwhelmed. Vaccines should, like all medicines and health treatment, be used where it is needed most.

Personally I think any demand to be anywhere near the front of the queue would be ethically dubious in any case. Both Australia and New Zealand have done nothing to prove the efficacy of the vaccines which we only know are effective as a direct result of the misery of high Covid-19 prevalence in Europe and the Americas. Australia, New Zealand and similar countries are effectively free riding entirely on the back of that misery. It's unpalatable perhaps, but is true.

Finally the sheer remoteness and low population density, which counted in their favour in stemming the pandemic, turns the other way when it comes to mass vaccinations. The logistics of the Pfizer-BioNTech vaccine aren't going to be trivial for those two countries.

Come May and June of 2021 Europe and North America will be heading into summer with no restrictions at all (Wimbledon - hurrah!) while Australia and New Zealand will be ploughing on in managed isolation, which is the logical extension of their policies. I don't say that is either good or bad. It's just the most probably scenario in my view.

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MergerLawyer 15 HOURS AGO

The author wrote:

"For those of us locked down in the northern hemisphere, the photos come from a glittering world. There are 650 people crowded into the pre-event drinks, leaning in to make themselves heard. A few are posing arm in arm. Astonishingly, someone is reaching for a canapé from a proffered tray. There are no masks. This may be a view of our past, but perhaps also our future, when we, like New Zealand, have controlled the virus."

Australia is no different at all today. Yet the author fails to point out, or doesn't know it, that Australia managed to basically eliminate COVID without closing down the economy like NZ did. NZ GDP dropped a massive 12%. Australia only dropped 7%. But I suppose PM Scott Morrison is less fashionable and trendy than showpony Ardern, and the author missed this little fact and misled the FT readership.

Recommend 14 Reply Share Report

Tim 13 HOURS AGO
In reply to **MergerLawyer**
Typical Australian mansplaining.

Recommend 13 Reply Share Report

rhabarber 13 HOURS AGO
In reply to **MergerLawyer**
Numbers matter. AUS 35deaths/mil vs NZ 5deaths/mil. So NZ did seven times better by one metric. NZ also has three times less infections/mil. Not the same at all.

Recommend 23 Reply Share Report

Free the Austin 7 12 HOURS AGO
In reply to **MergerLawyer**
Has Morrison had anything much to do with it? The response seems to have been chiefly in the hands of individual states, with varying levels of success. Most countries have balanced the interests of citizens against the interests of their economy: if Australia's economy has done better, more Australians have died to make it so.

Britain, almost uniquely, has succeeded in trashing both its economy and its population.

Recommend 13 Reply Share Report

CityDwella 11 HOURS AGO
In reply to **Free the Austin 7**
Johnson has succeeded in being “world beating”! And he is delivering on his promise to “**** Business!”. A man truly of his word...

Recommend 4 Reply Share Report

Markdoc 12 HOURS AGO (Edited)
In reply to **MergerLawyer**
Mate, you missed one important little fact yourself: although New Zealand saw a 12% drop in Q2, the economy bounced back rapidly and spending is now back to pre-Covid-19 levels.
https://www.treasury.govt.nz/publications/weu/weekly-economic-update-27-november-2020-html
Australia saw a slightly lower drop initially, but has stayed lower for longer
https://www.reuters.com/article/uk-australia-economy-gdp/australia-set-to-rebound-from-recession-as-covid-cases-fall-reuters-poll-idUKKBN28A05R with spending not expected to return to normal until next year.

Add to the mix continuing higher unemployment in Australia, and it looks like New Zealand's "short, sharp shock" turned out to be better for the economy as well as better for people.

Recommend 14 Reply Share Report

Freight Guy 9 HOURS AGO
In reply to **Markdoc**
Try living there ~ static wages with rising house & basic living expenses = exodus to Oz will once again be imminent.

Recommend 2 Reply Share Report

bwtg1 6 HOURS AGO
In reply to **Freight Guy**
I'm always a bit surprised at Australians' apparent attitude to New Zealand. What's wrong with New Zealand doing particularly well on this? (Writing from the UK, which hasn't done as well as either.)

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